

1 HOUSE JOINT RESOLUTION NO. 1

2 INTRODUCED BY R. DEVLIN

3

4 A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA ESTABLISHING AN OFFICIAL
5 ESTIMATE OF THE STATE'S ANTICIPATED GENERAL FUND REVENUE FOR THE 2002-03 BIENNIUM FOR THE PURPOSE OF ACHIEVING A
6 BALANCED BUDGET; ACCEPTING THE ~~AN ESTIMATED THE~~ JUNE 30, 2002, GENERAL FUND BALANCE ~~THAT WAS ESTABLISHED BASED ON~~
7 ~~GENERALLY ACCEPTED ACCOUNTING PRINCIPLES THAT WAS ESTABLISHED BASED ON GENERALLY ACCEPTED ACCOUNTING PRINCIPLES;~~
8 AND REQUESTING THE GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING TO USE THE FIGURES CONTAINED IN THE
9 RESOLUTION AS THE OFFICIAL REVENUE TOTALS FOR FISCAL YEAR 2002 AND THE OFFICIAL REVENUE ESTIMATES FOR FISCAL YEAR 2003.

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11 WHEREAS, Article VI, section 9, of the Montana Constitution requires the Governor to submit to the Legislature a budget for the ensuing fiscal
12 period, containing in detail the estimated revenue of the state; and

13 WHEREAS, Article VIII, section 9, of the Montana Constitution prohibits the Legislature from appropriating funds in excess of the anticipated
14 revenue of the state; and

15 WHEREAS, between the April 2001 adjournment of the 57th Legislature and October 2001, general fund revenue was exceeding expectations;
16 and

17 WHEREAS, the 57th Legislature had estimated a projected general fund ending fund balance of \$53.8 million by June 30, 2003; and

18 WHEREAS, at the end of fiscal year 2001, the general fund balance had increased \$62.2 million, leaving a projected ending fund balance on
19 June 30, 2003, of \$116.5 million; and

20 WHEREAS, in December 2001, the Legislative Fiscal Division reported to the Revenue and Transportation Interim Committee that revenue
21 collections from individual income taxes had begun to slow; and

1 WHEREAS, by May 2001, individual and corporate income tax revenue was well below projections while income tax refunds to taxpayers had
2 increased; and

3 WHEREAS, the Legislative Fiscal Division has attributed the decline in revenue partly to the national economic recession, the September 11
4 terrorist attacks, and a marked decline in capital gains, which has resulted in corresponding reductions in individual and corporate income tax revenue;
5 and

6 WHEREAS, section 17-7-140, MCA, requires the Governor to implement limited spending reductions in the event of a projected general fund
7 budget deficit; and

8 WHEREAS, pursuant to section 17-7-140, MCA, the Governor's Budget Director recommended a 3.5% reduction in general fund expenditures
9 and notified the Legislative Fiscal Analyst, the Legislative Finance Committee, and the Revenue and Transportation Interim Committee of this
10 recommendation; and

11 WHEREAS, on June 13 and 14, the Legislative Finance Committee and the Revenue and Transportation Interim Committee met separately to
12 examine the proposed spending reductions, to review revised revenue estimates, and to make recommendations to the Governor; and

13 WHEREAS, revenue to the general fund has continued to decline and it was determined at the end of June that the 3.5% reduction in expenditures
14 would be insufficient to avoid deficit spending;

15 WHEREAS, the Legislative Fiscal Division expects total general fund revenue for the 2003 biennium to be \$114.6 million below the estimates
16 adopted by the 57th Legislature in House Joint Resolution No. 2; and

17 WHEREAS, on June 28, the Governor issued a call for a special session of the 57th Legislature to begin August 5, 2002; and

18 WHEREAS, the Governor's call directed the Legislature to consider legislation that would approve fund balance transfers, reduce general fund
19 expenditures, reduce nongeneral fund appropriations and nonbudgeted transfers, reduce the general fund shortfall, and provide for a guarantee account
20 in the state special revenue fund; and

21 WHEREAS, given the magnitude of Montana's fiscal crisis and given the Legislature's constitutional responsibility to balance the budget, it is in

1 the best interests of the state that revenue forecasts be discussed and determined in a public hearing at which all interested individuals may attend and
2 participate; and

3 WHEREAS, actual revenue for fiscal year 2002 and revised revenue projections for fiscal year 2003 will be reviewed by the House and Senate
4 Taxation Committees in a joint meeting prior to the commencement of the special session; and

5 WHEREAS, the revenue estimates contained in this resolution are intended to supersede the estimates contained in House Joint Resolution No.
6 2 of the 57th Legislature meeting in regular session.

7
8 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA:

9 That the actual state general fund revenue for fiscal year 2002 be \$1,265,711,000 and that the estimated general fund revenue for fiscal year
10 2003 be ~~\$1,258,757,000~~ ~~\$1,262,478,000~~ \$1,259,027,000.

11 BE IT FURTHER RESOLVED, THAT THE LEGISLATURE ACCEPT FOR BUDGET PURPOSES, A THE UNRESERVED FISCAL YEAR 2002 FUND BALANCE FOR THE
12 GENERAL FUND THAT IS DETERMINED BY ADDING FISCAL YEAR 2002 GENERAL FUND REVENUE COLLECTIONS TO THE 2001 FUND BALANCE FOR THE GENERAL FUND
13 AND SUBTRACTING FROM THAT AMOUNT FISCAL YEAR 2002 GENERAL FUND EXPENDITURES OF \$84,105,211 FOR THE GENERAL FUND, PREPARED ACCORDING TO
14 GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

15 BE IT FURTHER RESOLVED, that the Governor's Office of Budget and Program Planning use, as contemplated in 5-18-107(2), the figures
16 contained in this resolution as the official revenue totals for fiscal year 2002 and the official revenue estimates for fiscal year 2003.

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18 GENERAL FUND REVENUE

19 The revised estimates for total general fund revenue for the 2002-03 biennium are based on an assumption of a continuation of Montana law as
20 it existed on July 1, 2002. The general fund revenue estimates contained in the following table are also based on statutory changes affecting general fund
21 revenue that were enacted during the 2001 Legislative Session.

1	Current Law		
2	General Fund Revenue Estimates		
3	(In Millions of Dollars)		
4	Actual	Estimated	Actual and Estimated
5	Source of Revenue	FY 2002	FY 2002 and FY 2003
6	Individual Income Tax	\$517.568	\$527.919 <u>\$1,045.487</u>
7			\$531.370 <u>\$1,048.938</u>
8			\$527.919 <u>\$1,045.487</u>
9	Statewide School and Vo-Tech Property Taxes	169.339	174.297 343.636
10	Corporation Income Tax	68.173	59.636 127.809
11			63.095 131.268
12	Vehicle Fees in Lieu of Tax	73.127	74.224 147.351
13	Common School Interest & Income	48.938	50.228 99.166
14			48.801 97.739
15	Insurance Tax & License Fees	47.291	48.799 96.090
16			47.793 95.084
17	Permanent Coal Trust Interest Earnings	37.605	37.640 75.245
18	U.S. Mineral Royalty	19.772	20.474 40.246
19	All Other Revenue	42.439	21.558 63.997
20			20.358 62.797
21	Tobacco Settlement Revenue	18.647	18.854 37.501

1	Telecommunications Excise Tax	19.594	21.379	40.973
2	Video Gambling Machine Tax	43.666	45.413	89.079
3	Treasury Cash Account Interest	13.191	14.316	27.507
4	Inheritance Tax and Estate Tax	13.816	7.812	21.628
5			<u>9.299</u>	<u>23.115</u>
6	Oil & Natural Gas Production Tax	12.902	12.588	25.490
7			<u>13.819</u>	<u>26.721</u>
8	Motor Vehicle Registration Fees	27.271	27.680	54.951
9	Public Institution Reimbursements	14.283	18.606	32.889
10			<u>16.332</u>	<u>30.615</u>
11	Coal Severance Tax	8.469	8.460	16.929
12	Liquor Excise & License Tax	9.514	9.990	19.504
13	Cigarette Tax	7.887	7.722	15.609
14	Investment License Fee	4.992	5.067	10.059
15	Lottery Profits	7.467	6.800	14.267
16	Liquor Profits	5.600	5.713	11.313
17	Nursing Facilities Fee	5.918	5.968	11.886
18	Foreign Capital Depository Tax	0.000	0.000	0.000
19	Electrical Energy Producer's License Tax	4.197	4.217	8.414
20	Metalliferous Mines Tax	3.329	3.176	6.505
21	Highway Patrol Fines	4.062	4.130	8.192

1	Public Contractors Tax	3.267	2.275	5.542
2	Wholesale Energy Transaction Tax	2.906	3.143	6.049
3	Tobacco Tax	2.183	2.319	4.502
4	Driver's License Fee	2.580	2.592	5.172
5	Railroad Car Tax	1.490	1.537	3.027
6	Wine Tax	1.232	1.265	2.497
7	Beer Tax	2.784	2.960	5.744
8	Telephone License Tax	0.212	0.000	0.212
9	Long-Range Bond Excess	0.000	0.000	0.000
10	Total General Fund	\$1,265.711	\$1,258.757	\$2,524.468
11			<u>\$1,262.478</u>	<u>\$2,528.189</u>
12			<u>\$1,259.027</u>	<u>\$2,524.738</u>
13			- END -	